

**10 May 2004**

## **Oilexco Tests 2,648 bbl/d From Latest 'Brenda' Appraisal Well, And Completes First Phase Of 2004 UK North Sea Drilling Program**

LONDON, ENGLAND--(CCNMatthews - May 10, 2004) - Oilexco Incorporated ("Oilexco" or the "Company") (LSE- AIM: OIL, TSXV: OIL) is pleased to announce the latest "Brenda" well 15/25b-9Y, the second "sidetrack" of the well 15/25b-9, flowed 40 degrees API oil at a maximum rate of 2,648 bbl/d from the Paleocene Forties sandstone. The oil flow was through 40 feet of perforations across a pay interval of 50 feet in a test designed to evaluate flow characteristics above the identified oil/water contact. The 15/25b- 9Y well was drilled by Oilexco on it's 100% working interest Paleocene oil appraisal/delineation program located on Block 15/25b in the outer Moray Firth area, of the UK Central North Sea.

The bottom hole location of the 15/25b-9Y well is located southeast of the first "Brenda" appraisal well 15/25b-6, which tested 2,980 bbl/d of 40 degrees API oil in January of this year. The intersection of oil, accompanied with the successful oil test at the 15/25b-9Y, has extended the limits of the "Brenda" oil accumulation.

The first "sidetrack" of the 15/25b-9 well, named 15/25b-9Z, confirmed that the 15/25b-9 well intersected a Paleocene Forties sandstone oil accumulation in the western area of Block 15/25b. The oil/water contact encountered by the 15/25b-9 well, located 1 kilometer southwest of the 15/25b-8 well, is at a different elevation from the oil/water contact to the east. This difference will be the subject of further study.

Currently the 15/25b-9Y well is undergoing suspension operations. When completed in mid-week, the Transocean mid-water semi- submersible J.W. McLean will be released from contract, bringing an end to the first phase of Oilexco's 2004 UK North Sea drilling program which commenced on December 25, 2003 when the J.W. McLean went on contract to Oilexco. During this period Oilexco was the most active operator of exploration/appraisal drilling in the UK North Sea, drilling seven holes inclusive of three "sidetrack" locations, intersecting oil in five of the well bores, and the production testing of oil in three of the final cased well bores.

The second phase of Oilexco's appraisal program will commence in mid June when the Transocean mid- water semi-submersible J.W. McLean will return to Oilexco for approximately 2 months. This phase of the program will focus on the appraisal of the Paleocene Forties sandstone on the west side of Block 15/25b, where site surveys are presently being undertaken. The first well of this program will be located northwest of the bottom-hole location of the 15/25b-9 well.

Oilexco has identified a number of appraisal locations from its 3D seismic interpretation on Block 15/25b. The Company is currently developing an integrated reservoir/geologic model. Completion of this model is targeted in two months time. Drilling will continue to evaluate the reserve and production potential of the area. The significance of the 15/25b Paleocene "Forties" oil accumulation will continue to become more apparent with ongoing drilling success.

Arthur Millholland, President of Oilexco comments "Oilexco has achieved remarkable success through a monumental effort by its staff and its principle contractors Transocean, Peak Drilling Management Ltd, and Ikon Science". Mr. Millholland adds "Oilexco's recently announced financing, completed in Europe, will give the Company the opportunity to continue with the appraisal program on Block 15/25b, allowing Oilexco to delineate its 100% working interest Paleocene oil accumulation in the UK North Sea".